

INVESTMENTS

Introduction

The management of investments is internal wherever possible, with certain alternatives through the NLGPS and in limited alternative cases through third party managed funds. All investment decisions are delegated to the Director by the constitution of the Council. The total portfolio is presently around £18 billion.

The policies are set by the Investment Advisory Panel (IAP), and monitoring and reporting are all directed to servicing the IAP. Further information can be found on the Fund [website](#).

WYPF - INVESTMENT ADVISORY PANEL BUSINESS PLAN – 2022/23

Investment Advisory Panel Meetings

- the Panel will meet at normal quarterly intervals within 6 weeks of each quarter end.
- meetings of Alternative Investments Working Group will be held in the second and the fourth quarters of each financial year to receive progress reports from private equity fund managers and infrastructure fund managers.

Investment Strategy and Tactical Asset Allocation

- discussed and agreed at Quarterly Meetings

Portfolio Reports

- received at Quarterly Meetings to include updates on investment of cash balances.

Fund-Specific Benchmark

- review benchmark for the coming financial year at the fourth quarterly Panel Meeting in the financial year.
- review benchmark as soon as practical after the actuarial valuation to ensure the expected return is likely to be delivered.

External Investment Advisers' Report

- received at Quarterly Meetings

Investment Performance

- review investment performance of WYPF for previous financial year at second quarterly Panel meeting, and assess whether the performance targets as set out in the Investment Strategy Statement have been met.
- review investment performance of in-house investment managers and external investment advisers against the investment targets set for them at second quarterly Panel meeting.

Stock Lending

- receive annual review of stock lending activity at first quarterly Panel meeting.

Regulations

- review any changes proposed to the LGPS Investment Regulations as appropriate.

Property

- undertake annual review of property investment strategy at third quarterly Panel meeting
- receive the property portfolio report at each quarterly meeting

Private Equity

- undertake annual review of private equity investment strategy at third quarterly Panel meeting
- receive the private equity portfolio report at each quarterly meeting
- note individual opportunities for investment in private equity funds when officers report the intention to invest
- receive progress reports on private equity funds at the Alternative Investments Working Group meetings in the second and fourth quarter of the financial year

Infrastructure Funds

- undertake annual review of infrastructure investment strategy at third quarterly Panel meeting
- receive the infrastructure portfolio report at each quarterly meeting
- note individual opportunities for investment in infrastructure funds when officers report the intention to invest
- receive progress reports at the Alternative Investments Working Group meeting of the Panel in the second quarter of the financial year from the infrastructure fund managers.

Environmental, Social and Governance (ESG) and Voting

- receive updates on ESG and voting activities at each quarterly meeting.

Training for Panel Members

- Arrange for any new members to attend the three LGA training days in Leeds at the second quarterly meeting
- agree training programme for Panel members at second quarterly Panel meeting based on composition of new Panel
- receive details of conferences, seminars, and investor meetings that may be of interest to Panel members quarterly.

Review of Performance of Investment Panel

- receive an annual report on the performance of the Panel itself from the external investment advisers at the first quarterly meeting in the financial year.

Annual Meetings of WYPF

- hold separate Annual Meetings in the third quarter of the financial year for Employers and Scheme Members.

Investment Strategy Statement

- review in the light of any necessary changes required.

Northern LGPS

- appoint Chair and one other Member to serve on the Joint Committee at the first meeting in the municipal year
- receive quarterly update and minutes of the Joint Committee (NFP) when they become available

Further Information in Addition to the Business Plan

Oversight

- The administrating authority (City of Bradford MDC)

External Oversight

- The following is a list of those who have an interest or regulatory responsibility in relation to the investment of the Fund.
- Department for Levelling Up, Housing and Communities (DLUHC)
- The Pensions Regulator (TPR)
- The Scheme Advisory Board (SAB)
- Markets and Competition Authority (MCA)
- Financial Conduct Authority (FCA)
- Employers, the Press, Pressure Groups, HM Treasury, etc.

Investment Strategy

The Strategic Asset Allocation review was completed last year and this has initiated a number of projects, as follows:

The reduction in allocation in equities to fund an increase in the allocation to alternatives has provided the opportunity to review the allocation to geographic regions. Relative to global weightings and what is seen as good practice elsewhere the Fund has retained a relatively high weighting in UK equities. Work is now in progress to establish appropriate strategic weights for each region which will then need to be reflected within the Fund's benchmark monitoring. The strategic targets form a means for the tactical positions (driven by the independent advisors) of the regional weightings to be considered and performance measured.

There will be a continuing requirement for some investment income to be available to form part of the cash flow required to pay pensions. Work is being undertaken to identify the most appropriate assets to meet this requirement, which will form a defined income "sleeve" within the portfolios.

Fixed income investments will form a major part of the income sleeve and as such the way in which these investments are managed will be reviewed. The aim will be to ensure an appropriate structure maximises the effectiveness of the total fixed income portfolio – as a source of income as well as introducing a diversified global element focussed on total return.

Environmental, Social and Governance (ESG)

Positive ESG and Climate Change considerations have formed part of the ethos of West Yorkshire Pension Fund for longer than most other Funds, even within the LGPS. However, thinking in these areas is evolving ever more rapidly and the Fund will be taking steps to gain a greater understanding of the risks that face our investments against various scenarios. The appointment of a dedicated ESG Manager has assisted greatly in establishing the facts surrounding our investments, such as carbon exposure, thus enabling informed decisions to be made about future investment strategy incorporating appropriate ESG and Climate Change considerations.

Local Authority Pension Fund Forum

Both the Director and the Chair of the IAP are elected members of the [LAPFF](#) Executive, and play an active role in policy development and shareholder engagements. WYPF holds the contract for the LAPFF Officer, making it imperative that the Director is involved in the budgeting for the LAPFF to protect the Fund's position.

Northern LGPS (NLGPS)

The [NLGPS](#) partners are Merseyside, Greater Manchester and West Yorkshire Pension Funds, three large, cost effective Metropolitan funds. Individual funds retain their current role of setting asset allocation and investment policy, and will increasingly delegate the implementation of that policy to the Joint Committee.

The Joint Committee has responsibility for ensuring the appropriate structure and resources are in place to implement the policy required by each fund, those resources to be provided by the three Funds. Staff will be employed by one fund, but will be seconded to act for the other funds where that is required.

The Joint Committee consists of two Members appointed by each Fund plus a total of three trade union representatives. It does not have any direct involvement in the appointment of managers, or selection of investments. These matters are fully delegated to the Directors of the Funds, in accordance with Pooling Guidance. Its role is to determine the asset class, risk profile, and whether management is internal or external, in accordance with the investment policy set by each fund.

Infrastructure Investment

For infrastructure investment NLGPS partners have joined with [LPPI](#) to form [GLIL](#), an [FCA](#) regulated fund, an innovative collaboration between aligned and like-minded investors who are seeking investment into core infrastructure opportunities predominantly in the United Kingdom. The Director is a member of the Executive and Investment Committees, through a co-option agreement. Other GLIL staff are employed by the investors and are co-opted to GLIL, as GLIL is required under the regulations to make its own investment decisions. All staff involved with GLIL are subject to FCA regulation, including the Director.